

Report of	Meeting	Date
Executive Cabinet (Introduced by the Executive Member for Resources, Policy and Performance)	Special Council	1 st March 2016

GENERAL FUND REVENUE AND CAPITAL BUDGET AND COUNCIL TAX 2016/17

PURPOSE OF REPORT

1. To seek approval of the Executive's budget proposal including the freezing of Council Tax in 2016/17.

RECOMMENDATION(S)

2. The Executive recommends that Council:
 - a) Approves the budget and proposals set out in this report including:
 1. Council Tax set out in the resolutions (at Appendix A1).
 2. The Council's Pay Policy (at Appendix A2) and publication on the Council's website from April 2016.
 3. Maintain the fees and charges (at Appendix A3) at current 2015/16 prices.
 - b) Approve the Capital Programme to 2018/19 (Appendices B1, B2, & B3).
 - c) Approve the Budget Investment Package Report (Appendices C & C1).
 - d) Approve the Treasury Management Strategy and its core principles (Appendices D, D(1) & D(2)).
 - e) Note the advice of the Statutory Finance Officer in relation to the robustness of the budget and the risks contained within it as set out in the Statutory Report (Appendix E).
 - f) Approve the Council's Medium Term Financial Strategy (MTFS) (Appendices F & F1).
 - g) Note Significant Budget Movements from the 2015/16 Budget (at Appendix G).
 - h) Note Special Expenses and Parish Precepts (at Appendix H).
 - i) Note the Budget Consultation 2016/17 Report (at Appendix I).
 - j) Note the Assessing the Impact of Budget Proposals 2016/17 Report (at Appendix J).

EXECUTIVE SUMMARY OF REPORT

3. This is the fourth budget set by the Administration which aims to allocate resources within the approved budget to enable delivery of the Corporate Strategy and the priorities stated within it. The Executive has successfully delivered the 2015/16 budget and also contained spending. Significant budget efficiencies in the sum of £1.167m have been achieved in advance to balance the budget in 2016/17 with Council Tax frozen for a fourth year. The budget savings achieved prior to the coming financial year are sufficient to address the budget deficit position in 2016/17 and also allow a further £1.408m of resources to be invested into projects that meet Corporate Priorities.
4. The Executive presents a budget that:-

- **Freezes Council Tax for a fourth year in 2016/17**
- **Addresses the previously forecasted budget deficit position for 2016/17 in advance of the year delivering £1.167m worth of budget efficiencies.**
- **Does not contain cuts to front line services.**
- **Delivers Revenue and Capital New Investments totalling £3.167m.**
- **Brings the total committed to New Investments since 2013/14 to £12.330m.**
- **Is consistent with the Corporate Priorities and aims to bring income into the Council.**
- **Seeks to bridge the forecasted budget gap by generating additional income, in particular through expanding the business rates tax base and invest-to-earn projects.**
- **Is consistent with the Medium Term Financial Strategy.**
- **Minimises the revenue impact of the Council's borrowing commitment to fund the Capital Programme.**
- **Enhance the financial resilience of the Council's budget by increasing the level of working balances from £3.0m to £4.0m by the end of 2018/19.**

5. The budgetary resources allocated are consistent with the following key priorities in the Corporate Strategy:

Involve residents in improving their local area and equality of access for all

Clean, safe and healthy communities

An ambitious council that does more to meet the needs of residents and the local area

A strong local economy

Council Tax Yield 2016/17

**It is proposed to freeze Council Tax in 2016/17 for a fourth year.
Council Tax will remain at the same level as it was in
2013/14, 2014/15 and 2015/16.**

6. The Administration is able to freeze Council Tax for a fourth year so it remains at the same level it was in 2013/14, 2014/15 and 2015/16. Budget savings have already been secured so a balanced budget has been achieved for 2016/17.
7. The government announced its Spending Review in 2015 (SR2015) followed by The Local Government Finance Settlement for the period 2016/17 to 2019/20 which was published in February 2016. SR2015 continued to implement significant reductions to the Revenue Support Grant (RSG). RSG is part of the core funding mechanism for the Council and during the MTFS period it will be reduced to zero. Once RSG is at zero it will be replaced with a reversed funding arrangement whereby the Council makes a payment to Central Government (in the form of an additional tariff on business rates referred to as the 'Tariff Adjustment'). The first Tariff Adjustment is due to be paid in 2019/20, the indicative figure being £0.156m. The total Local Government Finance Settlement has been allocated for 4 years with 2017/18 to 2019/20 on an indicative basis only (Appendix F1). The Council has the option to accept these allocations in advance up to 2019/20, the decision to do so must be submitted by 14th October 2016.
8. Despite an indicative 4 year settlement bringing some certainty, the Council's MTFS must still demonstrate resilience and flexibility in order to respond to declining levels of core funding and the potential annual fluctuations contained within the current full regime. The greatest fluctuation being within the Business Rates Retention Scheme. As a result the business rates collection fund will become an increasingly important element of the Council's future funding, this means the Council will have to effectively manage fluctuations in this income stream which are very much influenced by external factors.
9. There may also be significant reductions in the level of New Homes Bonus over the coming four years. The scope and magnitude of these reductions are under consultation until March 2016. Despite these cuts, illustrative NHB allocations are outlined in the Final Local Government Finance Settlement 2016/17 up to 2019/20. This now provides some assurance that NHB will be in existence over the entire MTFS period. Resultantly the Council may consider allocating uncommitted NHB identified in the MTFS towards the budget deficit during the transition to the new funding regime expected to be fully implemented by 2020/21.
10. The Executive is mindful that a sustainable approach needs to be taken in order to deliver a Medium Term Financial Strategy (MTFS) that achieves the optimum beneficial state of delivering ambitious investment and regeneration within the local area as well as addressing the current forecasted budget deficit.
11. The proposed New Investment Packages will deliver £1.408m and £1.759m of revenue and capital projects respectively across the priorities in the Corporate Strategy as follows:-

Corporate Priority	2016/17 £m
Involving Residents in Improving their Local Area and Equality of Access for All	0.190
Clean, Safe and Healthy Communities	2.257
A Strong Local Economy	0.591
An Ambitious Council that Does More to Meet the Needs of Residents and the Local Area	0.129
Total Revenue and Capital Investment Packages	3.167

12. These investments supplement the £9.163m invested since 2013/14 and bring the total investment in the Corporate Strategy to £12.330m.
13. The Spending Review 2015 and subsequent more detailed Local Government Finance Settlement 2016/17 provided indicative core funding figures for four years to 2019/20. It confirmed that Revenue Support Grant (RSG) would reduce to zero and then be replaced with a reversed grant payment from the Council to Central Government in the form of a 'Tariff Adjustment' within the Business Rates Retention (BRR) system. At this point total core resources will be a combination of locally collected taxation plus incentivisation grant which is also dependent on the Council's performance on delivering new homes. Also in the settlement consultation was also launched on reducing the total value of New Homes Bonus (NHB) awarded, plus, links were also made to the transition of BRR to a 100% local retention scheme. The details of BRR reform have been silent so far and therefore no impact of this has been included in the budget key assumptions contained in this report. It is clear however BRR will be of increasingly proportionate importance to the overall total funding pot by 2020/21.
14. The Medium Term Financial Strategy for years 2016/17 to 2018/19 seeks to uplift the amount held in the General Fund Balance from £3.0m to £4.0m to improve the financial resilience of the Council's budget given the fluctuating nature of the Business Rates Retention regime and its increasing proportion of overall core funding in future years. Unless growth is achieved the tax base is ever declining due to the Appeals process which is administered and adjudicated by the Valuation Office Agency (VOA).
15. Budget management performance in 2015/16 has been strong. As a result the budget gap for 2016/17 has already been closed. The main contributing factors being the membership of the Lancashire Business Rates Pooling Agreement together with restructuring budget efficiencies, including the Senior Management Review proposal, and a base budget review. Further details are set out in the Medium Term Financial Strategy (MTFS) at Appendix F.
16. The budget forecasts in the MTFS (Appendix F1) indicate that the following budget deficit can be expected to reach £3.080m by 2018/19.

MTFS budget forecast to 2018/19

Year	Budget (Headroom)/Gap £m	Cumulative £m
2016/17	0	0
2017/18	1.304	1.304
2018/19	1.776	3.080

17. It is important to note, however, that these estimates contain a number of key budget assumptions that may be subject to review and change. The key assumptions that are high in value may potentially have a significant impact on the forecasts. Of note is the estimate in respect of the Pensions Fund Deficit Recovery profile which will be re-valued as part of the Triennial Review by the Pension Fund Actuary due with effect from 2017/18.

Key Budget Assumptions

Assumption	2016/17	2017/18	2018/19
Council Tax Increases	0.0%	0.0%	0.0%
Increase in Council Tax Base	2.0%	1.0%	1.0%
Reduction in Grant Settlement (RSG)	£0.735m	£0.663m	£0.435m
Profiled reduction in Grant Settlement	(34.48%)	(31.08%)	(20.40%)
Total New Homes Bonus Receipts	£4.455m	£4.011m	£2.633m
Value of New Homes Bonus Incorporated in the Revenue Base Budget	£1.044m	£1.044m	£1.044m
Market Walk Net Financing	£0.629m	£0.881m	£0.863m
Pension Fund - Future Service Contribution	11.1%	11.1%	11.1%
Pension Fund Deficit Recovery profile	£0.956m	£1.081m	£1.206m
Supporting People Income from LCC	£0.138m	£0.130m	£0.122m
Additional Business Rates through membership of Lancashire Pooling Agreement	£0.725m	£0.725m	£0.725m
Lancashire Waste Partnership Income	£0.933m	£0.933m	0
Pay Award	1.0%	1.0%	1.0%

18. The budget papers also contain the 2016/17 Pay Policy (Appendix A2) for its annual approval and publication on the website.
19. The Capital Programme for 2016/17 to 2018/19 is £37.471m and is contained in Appendices B1 to B3. This includes estimated budget provision for the Market Walk Extension, Chorley East Health Centre and Extra Care Scheme all of which are forecast to be self-financing by generating revenue that repays the borrowing costs of the scheme.
20. Moving on from the immediate future and the budget proposals for 2016/17, the budget also presents a Medium Term Financial Strategy (Appendices F and F1) that aims to balance the budget, secure financial resilience and mitigate risk over the longer term. The budget deficit is forecasted to reach £3.080m by 2018/19 and the Council has a number of options that can

be considered to meet this deficit. These are described in further detail towards the end of this report.

21. Budget consultation has been undertaken and the results rank the 9 items below in the following priority order which is consistent with the New Investment packages in the borough since 2013/14:-

Priority	
1 st	Making communities safer through funding for PCSO's new powers and addressing long term empty properties.
2 nd	Making sure that the Council and its partners are set up to meet financial challenges
3 rd	Helping residents to live active, healthy lifestyles
4 th	Developing the local economy through job creation and support for businesses
5 th	Protecting vulnerable residents
6 th	Delivering a range of events in the borough to put Chorley on the map
7 th	Working promote Chorley as a place to visit and increase visitor numbers.
8 th	Encouraging people to get involved and volunteer in their local communities.
9 th	Implementing projects in your neighbourhood.

Total New Investment Packages Since 2013/14

Corporate Priority	Investment (£m)
Involve residents in improving their local area and equality access for all	~1.9
Clean, safe and healthy communities	~4.2
An ambitious Council that does more to meet the needs of residents and the local area	~2.3
A strong local economy	~3.8

Confidential report Please bold as appropriate	Yes	No
Key Decision? Please bold as appropriate	Yes	No

REASONS FOR RECOMMENDATION(S)
(If the recommendations are accepted)

22. To ensure that the Council complies with the requirement to set the budget for 2016/17.

ALTERNATIVE OPTIONS CONSIDERED AND REJECTED

23. None.

CORPORATE PRIORITIES

24. This report relates to the following Strategic Objectives:

Involving residents in improving their local area and equality of access for all	✓	A strong local economy	✓
Clean, safe and healthy communities	✓	An ambitious council that does more to meet the needs of residents and the local area	✓

BACKGROUND

25. The Executive published the outline budget and summary MTFs at the Executive Cabinet meeting on 21st January 2016 setting out its intention for spending and investment in the borough for the forthcoming financial year 2016/17. These papers expand upon that report and set out in more detail for Council the Executive's budget proposals for 2016/17.

BUDGET CONSULTATION

26. The outline budget proposals were agreed by members in a report to Executive Cabinet on 21st January 2015. Public consultation was carried out on the draft budget investment proposals for 2016/17. For the purpose of the consultation the investment areas were grouped into 9 categories. Respondents were also asked for any additional suggestions about where the Council should be investing its money but aren't.
27. The 2016/17 budget consultation ran from the 22nd January 2016 to the 14th February 2016 and received 948 responses. This consultation response was significantly higher than the previous year (607 respondents) up by 56%. The feedback from the consultation is shown at Appendix I and is supportive of the budget proposals adopted by the Executive.
28. Consultation was primarily carried out through an on line survey, however, paper copies of the survey were available on request. It was widely promoted through the Council's website, local press, social media and invitations to take part were also emailed to a number of groups including parish council clerks, the VCF sector network, the equality forum and 'myaccount' holders.
29. The results of the consultation ranked the nine items below in the following priority order:-

	Priority
1 st	Making communities safer through funding for PCSO's new powers and addressing long term empty properties.
2 nd	Making sure that the Council and its partners are set up to meet financial challenges
3 rd	Helping residents to live active, healthy lifestyles
4 th	Developing the local economy through job creation and support for businesses
5 th	Protecting vulnerable residents
6 th	Delivering a range of events in the borough to put Chorley on the map
7 th	Working promote Chorley as a place to visit and increase visitor numbers.
8 th	Encouraging people to get involved and volunteer in their local communities.
9 th	Implementing projects in your neighbourhood.

30. The results show a good spread of support for each of the investment areas with "*Making communities safer by continuing to fund Police Community Support Officers (PCSOs) in Chorley, implementing new powers to create safer neighbourhoods and taking action to address long term empty properties,*" coming out as the top priority for Chorley residents. Feelings of safety, however, remain high with the resident survey completed in July 2015

demonstrating an increase in feelings of safety both during the day (92% compared to 91.1% in 2013) and at night (72% compared to 68.5% in 2013).

31. *“Making sure that the Council and its partners are set up to meet current and future financial challenges to ensure the best deal for residents”*, previously the highest priority in 2015/16, still remains a high priority as does *“Helping residents to live active, healthy lifestyles”* which includes proposals linked to playing pitches and free swimming. *“Developing the local economy through providing support and incentives to local businesses, progressing new employment sites and encouraging job creation”* remains a top priority with open comments referencing support for local businesses and town centre improvements.

BUDGET PROPOSALS

In summary the budget proposals set a plan to:

- **Freeze Council Tax in 2016/17 for a fourth year.**
- **Deliver a balanced budget in 2016/17 via £1.167m worth of budget efficiencies.**
- **Deliver of a fourth revenue and capital New Investment Package totalling £3.167m bringing the total committed since 2013/14 to £12.330m.**
- **Deliver a consistent approach with the MTFs and the Corporate Priorities in the Corporate Strategy.**
- **Bridge the budget gap by generating additional income, in particular through expanding the business rates base and invest-to-earn projects.**
- **Enhance the financial resilience of the Council’s budget by increasing the level of working balances from £3.0m to £4.0m by the end of 2018/19.**
- **Make no cuts to front line services.**
- **Minimise the revenue impact of the Council’s borrowing commitment to fund the Capital Programme.**

32. The budget in Appendix F1 in the Medium Term Financial Strategy (MTFS) contains the current budget that translates the Corporate Strategy into a cash plan over the next three years.

33. The budget proposed in this report includes the freezing of Council Tax in 2016/17 for the fourth year with the budget forecast over the medium term set out in Appendix F1 currently based on the assumption that there will be no Council Tax increases to 2018/19.

Budget Management Performance

34. A key influencing factor on the forthcoming budget is the effective management of the budget in the preceding financial year. The table below demonstrates where recurring budgetary changes have occurred over the main budget categories reducing the total Directorate Budgets from £13.841m (2015/16) to £12.651m (2016/17), more details are provided in Appendix G. The table demonstrates the extent to which increasing inflationary cost pressures impact on the budget and budget efficiencies required to contain them.

Budget Category	Recurring Items £000	Movement £000	Caused by:-
Total Directorate Budgets 2015/16		13,841	
Employees	103		Impact of pay award and incremental increased
Pension Costs	140		Increase in pension fund deficit recovery and impact of pay award
National Insurance	161		Impact of changes in national insurance rates
Contracts	133		Inflationary increases
Other non-pay	71		Various changes to expenditure budgets including community centre, bin replacement and handyman services
Income (Government Grants)	69		Anticipated reduction in Housing Benefit Admin Grants
Income (Other Grants & Contributions)	14		Amendment to agreements with LCC as well as Electoral and Universal Credit Grants
Productivity Gains	(315)		Senior Management Review Savings Target, review of back office functions including Shared Assurance Services
Base Budget Review	(128)		Continual robust challenge and update of the base budget to ensure it fully reflects changing levels of requirement
Income Generation	(1)		Various changes to rental & fees & charges budgets
Sub-total Recurring Items		247	
Adjustment for Growth Items		(1,589)	Remove temporary growth items included in 2015/16 budget that were agreed to now end.
Market Walk Net Income		152	Remove one-off saving through reduced borrowing and amend to reflect forecast net income and revised borrowing figures
Total Directorate Budgets 2016/17		12,651	

35. The budget for 2016/17 will be balanced in advance of the year therefore there is no call on the working balances. The budget management decisions made, and their impact on the budget deficit, are described in the MTFs at Appendix F. The budget savings made and increased income generated are secured on a recurring basis and total £1.167m as follows:-

- Lancashire Business Rates Pooling Agreement (£0.725m) – Chorley joined the Lancashire Business Rates Pooling Agreement which gained ministerial approval in November 2015. In essence this means all member authorities are treated as one in respect of levy payments that are paid by Councils to Central Government which in turn funds the corresponding national Safety Net payments scheme. Within the Levy/Safety Net scheme funds are provided to authorities who have seen a negative shift in business rate income beyond a predetermined level set each year in the Local Government Finance Settlement. From a financial perspective funds that would have been paid in the form of a levy are retained, conversely the right to a Safety Net payment in the event of a negative shift is

forfeited. The estimated levy due to be paid in 2016/17 by Chorley, which will now be retained, is £0.725m.

- Productivity Gains (£0.315m): £0.086m is mainly attributable to a review of the Single Front Office, Shared Assurance Services. A review of the management structure has been undertaken and reported to Council in January to create a structure that enables CBC to implement the future governance models and public service reform. If approved, posts will be vacated at different points during the MTFS period and therefore the target savings are profiled as follows, £0.229m (2016/17), £0.274m (2017/18) and £0.364m (2018/19).
- Base Budget Review (£0.128m) – Continual robust challenge and update of the base budget to ensure it fully reflects changing levels of requirement.
- The 2015/16 MTFS identified a possible 10% saving on staffing costs over the three year period to help bridge the future budget gap. Savings identified will achieve a 3.5% saving on total directorate budgets and 4.4% on total staffing budgets. Further commitments to creating budget efficiencies are described later on in this report.

Budget Forecast 2016/17 to 2018/19

36. Members will be aware that core funding reductions lead to the elimination of Revenue Support Grant (RSG) resulting in an eventual negative funding allocation. More significant, however, is the fact that transition to the new funding rules will demand that the Council is increasingly reliant on locally collected income from Business Rates and Council Tax. This will expose the Council to additional financial risks relating to maintaining and expanding the Business Rates tax base and so maintaining budgeted income during fluctuating economic conditions and a declining tax base due to settled appeals.
37. The reduced uncertainty that an additional 3 year (2017/18 to 2019/20) indicative settlement and NHB allocations brings, assists the Council in its plans to mitigate against the risk of annual variations and prepare for the volatility associated with the changes to be made to the whole funding framework by the end of this planning period. It is expected that NHB will be rolled up into the general funding pot with the transition of the distribution of BRR to 100% local retention basis.
38. Despite such uncertainty, budget forecasting remains an integral component of the budget setting process to strengthen financial resilience through effective budgetary planning. The MTFS therefore has been compiled based on some assumptions with the key assumptions listed below.

KEY BUDGET ASSUMPTIONS

39. The table below shows the key assumptions made in forecasting forward the Council's financial position. Please note these do not determine what might actually happen in future years, particularly with regard to Council Tax levels as these are determined annually based upon the latest up to date information.

Assumption	2016/17	2017/18	2018/19
Council Tax Increases	0.0%	0.0%	0.0%
Increase in Council Tax Base	2.0%	1.0%	1.0%
Reduction in Grant Settlement (RSG)	£0.735m	£0.663m	£0.435m
Profiled reduction in Grant Settlement	(34.48%)	(31.08%)	(20.40%)
New Homes Bonus – estimated total allocation	£4.455m	£4.011m	£2.633m
New Homes Bonus Incorporated into the Revenue Base Budget	£1.044m	£1.044m	£1.044m
Market Walk Net Financing	£0.629m	£0.881m	£0.863m
Pension Fund - Future Service Contribution	11.1%	11.1%	11.1%
Pension Fund Deficit Recovery profile	£0.956m	£1.081m	£1.206m
Supporting People Income from LCC	£0.138m	£0.130m	£0.130m
Additional Business Rates through membership of Lancashire Pooling Agreement	£0.725m	£0.725m	£0.725m
Lancashire Waste Partnership Income from LCC	£0.933m	£0.933m	0
Pay Award	1.0%	1.0%	1.0%

In recent years the budget assumptions list has been expanded to reflect that the total overall funding regime change is shifting to a compilation of more uncertain and variable processes and external influencing factors. The scale of risk and its potential impact on the budget is evident from some of the further information and key messages below. Of note is the estimate in respect of the Pensions Fund Deficit Recovery profile which will be re-valued as part of the Triennial Review by the Pension Fund Actuary due with effect from 2017/18.

40. Council Tax

The Council Tax Freeze Grant has been rolled up into RSG and absorbed into the grant reduction process. Importantly, the reductions in Central Government funding announced in the Local Government Finance Settlement were made with the assumption that not only would Councils expand the Council Tax base by building more homes, but they would minimise the impact of reducing RSG and payment of the new Tariff Adjustment by increasing Council Tax in line with inflation estimated at 1.75% per annum.

The assumptions regarding CBC's ability to raise funds via its council tax base have resulted in the Central Government grant being reduced to zero in 2019/20 and replaced by the new 'Tariff Adjustment'. This will require a transfer of money from the Council to DCLG, this in essence is the equivalent to the continuation of RSG as a negative grant deduction. In the latest settlement the first Tariff Adjustment payment is scheduled to be made in 2019/20 in the sum of £0.156m. Its value and profile after this date is unknown however it appears that this negative allocation is dependent upon the DCLG's assumptions on the Councils' Council Tax Base. Therefore the further the disparity between the actual tax base and the tax base assumed by DCLG, the more difficult it will be for the Council to meet this negative allocation in the future.

41. New Homes Bonus

The Local Government Finance Settlement announced £800m of cuts to the national pot of New Homes Bonus (NHB) by 2019/20. Initial indications are that the 2016/17 allocation will remain the same however reductions in the level of NHB in 2017/18 and 2018/19 have been announced. The reductions are larger for District Councils as funding is being transferred to top-tier local authorities to fund social care services. Consultation is taking place until March 2016 under the title of 'Sharpening the Incentive' of NHB which includes proposals to reduce the number of years NHB is awarded, most likely to 4 years (currently 6 years) and also the qualifying criteria.

Illustrative NHB allocations are outlined in the final Finance Settlement up to 2019/20. This provides reassurance in the stability of NHB and resultantly it is assumed that any uncommitted NHB identified in the MTFS can be allocated to manage the transition to the new funding regime. It is possible that NHB will cease in 2020/21 and the resource combined with BRR as one funding arrangement but NHB allocations will not be known until the consultation is complete. The current forecasted allocations are however summarised below:

	2016/17 £m	2017/18 £m	2018/19 £m
Original NHB Allocation	4.445	4.753	4.611
Forecast revised NHB Allocation	4.445	4.010	2.634
Forecast Reduction in NHB	0	0.743	1.977

These forecast figures are included in the MTFS as per Appendices F and F1.

42. Business Rates Retention (BRR) and Business Rates Retail Relief

In addition to the removal of Central Government grant funding, the Local Government Finance Settlement announced changes to the Business Rate Retention (BRR) system. The latest reforms announced a move towards Councils retaining 100% of local business rates by 2020/21 however it is not yet known when the detailed changes to the rates system will be announced. Although a move to 100% BRR should allow the retention of more income derived from an expanding the local economy, it will also result in the Council being responsible for meeting full cost of any decline in the tax base and 100% of refunds granted by the VOA. This creates large uncertainties when forecasting future level of BRR receipts.

Accurate forecasting of BRR is further exacerbated by a planned national re-valuation of all Rateable Values due to take place in 2017/18 and also the re-setting of the Baseline Funding Level (the financial foundation on which benefit is calculated) as part of the funding announcements for 2020/21. Although the business rates are collected from businesses within the borough (circa £36m), many of factors that determine its total return are set externally. For example, the net movement in the business rate annual rate poundage is determined by Central Government; collection rates are impacted upon by the national economic environment, and reductions in Rateable Value due to appeals are adjudicated and determined by the VOA. For this reason the budget contains some assumptions on the income level to be achieved in 2016/17 onwards that may still be subject to change. As a result of this uncertainty the approach adopted is that any additional funds that are achieved from BRR are not built into the base budget immediately.

A feature of the business rates regime is that the Collection Fund surplus or deficit, dependent on collection rates in year, is also shared out between the Council and preceptors. The collection fund surplus for 2015/16 is £0.049m for BRR. Due to its volatility, the financial impact of appeals and the fact that payments from the collection fund out to the Council and preceptors are fixed on estimates that cannot be changed in year, a prudent break-even position on the collection fund has been incorporated into the budget forecasts in years 2017/18 and 2018/19.

43. Lancashire County Council

Lancashire County Council MTFs has identified its own budget shortfall to be £262.0m by 2020/21. Resultantly it is expected that existing income received from LCC will be retracted in future years. Chorley Council is currently in a 'Cost Share' arrangement with Lancashire County Council whereby the County pay over to District Councils a cost sharing payment via the Lancashire Waste Partnership. This represents compensatory payments for loss of income from when the previous recycling credits system was revised. The arrangement is due to expire in March 2018 and therefore if no replacement agreement is available, this income stream will be withdrawn as at that date. This represents a £900k fall in income and is reflected in the 2018/19 deficit. In addition there is uncertainty surrounding £300k worth of income the Council receives to support services such as resident support at Cotswold House and public realm works.

OTHER KEY BUDGET CONTENT

44. Enhanced Medium Term Financial Resilience through Increased Allocations to Working Balances

The budget proposals incorporate a balanced budget and new investment packages of over £3.167m whilst also freezing Council Tax. The budget proposals also make a provision to increase the level of funds held in the General Fund Balance. The MTFs (Appendix F) explains that the Council will seek to increase the overall level of General Fund Balance to £4.0m over the 3 year lifespan of the strategy in planning for fluctuations in future core funding. This will be achieved by committing £500k NHB allocations in 2016/17 and 2017/18 and £259k in 2018/19.

45. Council Tax Support Scheme

The Council's Local Council Tax Support Scheme, which replaced Council Tax Benefit in 2013, was reviewed during November 2015. The scheme remains unchanged in 2016/17, but will be reviewed to bring it into line with changes to Housing Benefits legislation with effect from April 2017. To mitigate loss of Council Tax income to Parish and Town Councils, £38k has again been included in the budget, but this is reviewed annually.

46. Pay Policy 2016/17

The budget has also been constructed in accordance with the Council's Pay Policy. The Localism Act requires that the Pay Policy is approved formally by the Council and published on the website in April 2016. The updated policy is attached at Appendix A2. The pay policy has also been updated to reflect the 2.2% two year national pay award effective from 1st January 2015. The recognised trade unions and national employer organisations are currently negotiating on the 2016/17 pay claim, a 1% increase is assumed in the budget each year for 2016/17 through to 2018/19.

AN OPPORTUNITY FOR INVESTMENT IN CORPORATE PRIORITIES

The budget contains a fourth package of New Investment projects within the Borough totalling £3.167m bring the total invested since 2013/14 to £12.330m

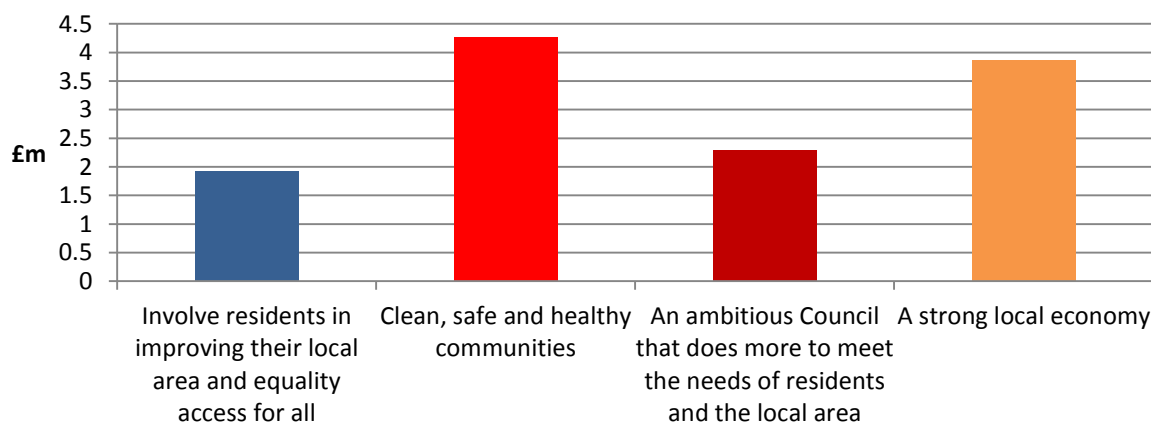
47. The Corporate Strategy was refreshed in November 2015 to ensure that it remained relevant given the current context and challenges for public services. The vision was amended to reflect a shift in emphasis towards working differently with our communities as a Leader of public services in Chorley with the existing priorities and long term outcomes were retained. The investment projects have been identified and chosen for their ability to create a significant impact in each of the priority areas, and across all areas of the borough. The ambitious proposals build on the work done over previous years and to address big issues such as the sustainability of public services.
48. Investment in priority areas in 2015/16 delivered a number of schemes for both residents and businesses by delivering tangible improvements across the borough, for example:
- Residents have been supported to access services online through digital access and inclusion sessions and further sessions will be delivered in 2016/17. The project has also developed rural access hubs with 9 access points currently available across the borough.
 - Local community groups have been supported and made more sustainable through access to the Chorley 4 Community database to identify and access sources of grant funding. Currently there are 100 registered users from voluntary, community and faith sector groups in Chorley.
 - Community facilities have been improved with the extension to Clayton Brook Village Hall which is near completion, Buttermere Community Centre in the final stages of delivery and construction of the Buckshaw Community Centre is underway.
 - Increased employment opportunities have been created through the delivery of the Chorley Works unemployment project, inward investment scheme & Runshaw joint employment support initiative with 85 Apprentices assisted by the fund.
 - New events attracted thousands of visitors to the borough including the televised Chorley Grand Prix cycling event and Chorley Flower Show attracting over 10,000 people. Established events continued to grow in popularity such as the Picnic in the park (8,000 visitors), Animals in the park (1,000 visitors), Theatre in the park (600 visitors), Chorley Live (200 live performances over 2 nights across 25 venues, attended by around 7,000 people, an increase of 50% compared to 2014/15) and the Christmas light switch on (5,000 visitors). These events attracted thousands of people and supported the local economy. A developing partnership with Marketing Lancashire will see this activity taken forward in 2016/17.
 - Visible improvements have been delivered in the town centre and across the borough with improvements to local neighbourhood areas through preferred projects such as improvements to footpaths in Croston and Brinscall; Byron Crescent Play Area and MUGA in Charnock Richard. In addition, works have been carried out on seven war memorials including memorials in Clayton-le-Woods, Whittle-le-Woods and Croston.
 - Initiatives such as meals on wheels and support to food provision schemes have continued to meet the needs of the most vulnerable members of our communities, preventing social isolation and more complex issues. Individuals have also been given the skills to help themselves through cookery workshops at Living Waters food bank, accessed by 50 individuals to date.

49. Both the Revenue and Capital budgets contain significant new and continuous investments. The new budget investment package continues to focus on the corporate strategy priorities and is also consistent with the findings of the budget consultation process with the local community where safe communities, financial resilience, supporting businesses, improving the local economy and supporting healthier communities were identified as the top scoring priorities (see Appendix I). The 2016/17 programme below is summarised further in Appendix C and also advanced enough in the planning stage to be set out in project mandates contained in Appendix C1. There are £3.167m new investments for approval in 2016/17 bringing the total investment programme since 2013/14 to £12.330m as summarised below:

Priority	New in 13/14 £m	New in 14/15 £m	Year 2 13/14 £m	New in 15/16 £m	Year 3 13/14 £m	Year 2 14/15 £m	New in 16/17 £m	Total £m
Involve residents in improving their local area and equality access for all – TOTAL £1.923m								
Revenue investment	0.250	0.138	0.085	0.440	0.085		0.190	1.188
Capital investment	0.135			0.600				0.735
Clean, safe and healthy communities – TOTAL £4.254m								
Revenue investment	0.284	0.120	0.100	0.051	0.100	0.045	0.498	1.198
Capital investment	0.060	0.424		0.595		0.218	1.759	3.056
An ambitious Council that does more to meet the needs of residents and the local area – TOTAL £2.285m								
Revenue investment	0.160	0.055	0.050	0.141	0.050		0.129	0.585
Capital investment	0.280			1.420				1.700
A strong local economy – TOTAL £3.868m								
Revenue investment	0.655	0.347		0.175		0.100	0.591	1.868
Capital investment	1.000			1.000				2.000
TOTAL INVESTMENT - £12.330m	2.824	1.084	0.235	4.422	0.235	0.363	3.167	12.330

50. The revenue investments are listed below with the new proposed projects also set out in detail with project mandates in Appendices C and C1 to the budget report.

Total New Investment Packages Since 2013/14



Corporate Priorities

New Revenue Investment Areas	Funding Request (£)
INVOLVING RESIDENTS IN IMPROVING THEIR LOCAL AREA AND EQUALITY OF ACCESS FOR ALL – Total £190,000	
Support for Chorley's VCFS organisations	15,000
Provide support to food provision schemes	15,000
Community development & volunteering (SPICE)* (£20k 16/17, £40k 17/18 & 18/19)	100,000
Public noticeboards	10,000
Delivery of neighbourhood preferred projects	50,000
CLEAN, SAFE AND HEALTHY COMMUNITIES – Total £497,500	
Police Community Support Officers	297,000
Free swimming	7,500
Replacement of CBC's Control Orders with Public Space Protection Orders	20,000
Empty homes - Enforcement action and communications * (£26k 16/17, £36k 17/18 and 18/19)	98,000
Provide a mediation service for Anti-Social Behaviour case resolution	10,000
North West in Bloom	50,000
16/17 Young person's drop-in centre	15,000
A STRONG LOCAL ECONOMY – Total £591,500	
Chorley Business Investment for Growth (BIG) grant	60,000
Business start-up grants and loans	30,000
Borough wide retail grants improvement programme	80,000
Choose Chorley grants	75,000
Inward investment (Euxton Lane – Digital Health)	25,000
Extend the external funding officer post	24,000
Deliver the skills framework	30,000
Chorley works	39,000
Vulnerable families employment project	3,500
Furthering key employment sites	125,000
Develop Chorley's town and rural tourism economy	35,000
Chorley flower show	40,000
Chorley grand prix (British Cycling)	25,000
AN AMBITIOUS COUNCIL THAT DOES MORE TO MEET THE NEEDS OF RESIDENTS AND THE LOCAL AREA – Total £129,000	
Integrate partner services through the Chorley public service reform partnership	15,000
Employee health scheme	20,000
Events programme delivery	80,000
Additional events at Astley	14,000
Total new revenue investment	1,408,000

New Investment Package and the use of NHB

51. As per Appendix F, total NHB monies are to be invested as follows:-

	16/17 £m	17/18 £m	18/19 £m
Existing NHB 11/12 - 15/16 including forecast reductions	(3.379)	(2.335)	(0.652)
NHB 16/17 Allocation including forecast reduction	(1.076)	(1.076)	(0.937)
Forecast Allocations 17/18 – 18/19		(0.600)	(1.044)
Forecast 16/17 New Homes Bonus Allocation Available	(4.455)	(4.011)	(2.633)
NHB in Base Budget	1.044	1.044	1.044
Capital Financing	0.400	0.400	0.400
16/17 New Homes Bonus Allocation Available for Investment Packages and Other Purposes	(3.011)	(2.567)	(1.189)
New Proposed Revenue Investment	1,408		
Transition Fund	500	500	
Increase in Reserves to Bring Working Balances to £4m	500	500	259
Investment Fund	603		
Forecast (Uncommitted and Surplus) NHB	0	(1.567)	(0.930)

52. The four year settlement contains estimates for the future of NHB for that period which very much strengthens the certainty of NHB existing over the MTFS period. Therefore in addition to the 2016/17 New Investment Package the budget proposals also include other proposed budget items that are to be funded from New Homes Bonus in 2016/17. These are:

- **The creation of a £1.0m Transition Fund** - to support the implementation period of LCC's service reductions which aim to address their own budget deficit position. £0.5m is to be set aside from the 2016/17 and 2017/18 New Homes Bonus allocations respectively.
- **To increase General Balances to £4.0m** - £0.500m is set aside in 2016/17 and 2017/18 and £0.259m in 2018/19 to increase general balances to £4m to enable the Council to manage the risk associated with the impact of SR2015 and the future funding allocations and changes announced over the next four years.
- **The creation of a £603k Investment Fund** - to finance invest-to-earn projects that create a revenue contribution to supplement local taxation income streams.

53. The proposed package also includes new 2016/17 to 2018/19 Capital Programme investments as below:

New Capital Investment Areas	Funding Request £m
CLEAN, SAFE AND HEALTHY COMMUNITIES – Total £1.759m	
Westway sports scheme	0.785
Play open space strategy	0.974
Total New Capital Investment	1.759

54. The new schemes identified above will be added to the following capital projects that are already approved and continuing into 2016/17:

Project	Project summary/update	Agreed Budget 2015/16 £m	Carried Forward into 2016/17 £m
Astley Hall	This budget will enable delivery of a number of key actions from the Astley 20:20 development plan including a destination play area, event parking, event staging, footpath lighting, sensory garden, street furniture and pathway improvements.	0.324	0.324
Buckshaw Community Centre	To deliver a new community centre on Buckshaw village	0.600	0.450
Yarrow Valley Car Park	To upgrade the main car park at Yarrow Valley to provide up to 135 car parking spaces including drainage.	0.225	0.215
Deliver improvements to Market Street	The original aim was to extend the shared surface scheme from the southern end of Market Street up to the St Thomas Road junction. However the scope of the project has been extended, therefore this budget will now support delivery of the corporate strategy project to improve the look and feel of the town centre.	1.000	1.000
Youth Zone in Chorley	We will continue to work with partners to progress delivery of the Chorley Youth Zone.	1.000	0.650
TOTAL		3.149	2.639

New Investment Capital Financing

55. The total Capital Programme is set out in Appendices B1 and B2 of which the New Investment project form a part. The majority of the new capital projects will be funded by external S106 contributions however other financing has been identified and is summarised below:

Financing for <u>New</u> Capital Investment	2016/17 Amount £m
External Contributions – S106	1.541
Capital Receipts	0.118
Grants*	0.100
Total Capital Financing	1.759

* A bid to Sport England was submitted in January relating to enhancements at Tatton Recreation Ground. The outcome will be known in April 2016.

CAPITAL PROGRAMME

56. The Capital Programme is set out in detail in Appendices B1 and B2 covering existing and new proposed capital schemes to support the Corporate Strategy together with the planned financing arrangements.
57. The estimates used to produce the new three year capital programme rely on the most up to date forecasted out-turn for 2015/16. As of 31st December 2015 estimated spend on capital projects in 2015/16 was £5.415m, this figure was reported to Executive Cabinet on 18th February 2016. Since this time the expenditure at Cotswold House has been re-profiled to 2016/17 therefore reducing the 2015/16 forecast to £5.208m. The breakdown by scheme of 2015/16 forecasted expenditure and the proposed Capital Programme 2016/17 to 2018/19 is contained in Appendix B1.
58. The Market Walk Extension project budget of £12.9m budget was approved in 2015/16, of this £784k has been committed in 2015/16 with the remaining £12.078m to be committed in 2016/17. The profiling of the capital expenditure is dependent upon finalising letting agreements with potential leases. Once details of new lettings are agreed the main build contract will be drawn up into a fixed price contract based on the detailed costings and timings of the extension project.
59. During the 2015/16 budget setting process £1.0m was approved for further works to regenerate the public realm surrounding Market Street. The scope of the public realm works in Chorley town centre has been extended and this £1.0m will be allocated to these works. The value and timing of the works is not yet finalised. It is assumed in the capital programme that £1.0m will be spent in 2016/17 however this is funded from reserves that can be rolled forward if necessary.
60. Other carried forward 2015/16 investment projects include works to Yarrow Valley Car Park and the construction of Buckshaw Community Centre. Both of these projects are expected to be completed in 2016/17.
61. The preliminary design of the new Chorley Youth Zone is underway and the Chorley Youth Zone Charitable Trust is in the process of being formed. The Council will contribute a total of £800k to the trust to fund the acquisition of land and the construction of the centre that is forecasted in the Capital Programme to be complete by 2017/18.
62. The Council's assets improvement and leisure centre improvement budgets have been profiled to reflect the expected enhancements that will be undertaken in future years as identified by the condition surveys carried out in 2015/16.
63. Investment in Astley Hall and the surrounding park will continue in 2016/17 including £320k of carried forward funding to complete a £100k match funded grant bid to the Heritage Lottery Fund and works for events car parking. For 2016/17 additional funding of £350k has been agreed for works relating to footpath lighting, events infrastructure, tennis courts and Hallgate car park.
64. The Cotswold House extension project is forecast to begin and be completed in 2016/17. The budget includes £200k contribution from the Council and £658k from HCA grant. Works include an extension, the enhancement of 15 rooms and installation of a lift.
65. The construction of the new self-financing Extra Care Facility in Chorley is forecast to commence midway through 2016/17 subject to a successful £2.8m grant application to HCA and planning approval.

66. With regard to Chorley East Health Centre the self-financing proposal remains that a budgeted scheme is included in the 2015/16 to 2018/19 programme. This will assist the Lancashire Care NHS Foundation Trust with the development of a health centre on Friday Street. The estimated cost is £7.036m.

67. The proposals contained in this report would create a capital programme as follows:-

- 2016/17 – £ 21.541m
- 2017/18 – £ 11.643m
- 2018/19 – £ 4.287m
- **Total – £ 37.471m**

68. The Capital Financing is set out below for the period 2016/17 to 2018/19.

Assumptions contained in the 3 year forecasts - Capital Programme Financing

Assumption	2016/17 £m	2017/18 £m	2018/19 £m	Total £m	Note
Prudential Borrowing	0.551	0.325	0	0.876	(a)
Prudential Borrowing – to be repaid by self-financing schemes which are cost neutral on the revenue budget	10.165	8.033	3.518	21.716	(b)
Revenue Funding	1.376	0.050	0	1.426	(c)
Developers & Other Contributions	6.079	0.390	0	6.469	(d)
New Homes Bonus	0.715	0.400	0.400	1.515	(e)
Capital Receipts	0.734	0	0	0.734	
Grants	1.921	2.445	0.370	4.736	(f)
Total	21.541	11.643	4.288	37.471	

(a) These figures include the borrowing to fund the contribution to Chorley Youth Zone

(b) This is cost neutral on the revenue budget.

(c) Revenue funding in 16/17 includes £1m reserve identified in 15/16 to fund works to Market St, this will now be used to fund Chorley Town Centre Public Realm works.

(d) Additional projects to be funded with developer contributions will be added to the programme when the contributions are received.

(e) Funding of £315k for works to Astley Hall & Park are carried forward from 15/16 into 16/17

(f) Actual Grant allocations could vary from these estimates. These figures include HCA and DFG grants.

69. The Council will receive further section 106 contributions. A schedule of the section 106 funding allocated in 2014/15 to 2015/16 and balance to be committed in 2016/17 onwards is attached in Appendix B3.

FUTURE YEARS PROPOSALS TO ACHIEVE SUSTAINABLE AND RECURRING BUDGET RESILIENCE

70. Contained in the Medium Term Financial Strategy (Appendix F) is a summary of the forecasted budgetary position facing the Council up to and including 2018/19. The MTFS projects that the budget deficit position may reach £3.080m by 2018/19. This estimate is based on the continuation of current service levels being delivered.

Working Balances

It is proposed that New Homes Bonus allocations are used to increase the working balance to £4.0m by the end of this MTFS period in 2018/19.

71. The 2015/16 MTFS identified a need for working balances to reach £3.0m by 2017/18, the current forecast for 2015/16 is £2.741m. It is proposed that New Homes Bonus allocations are used to increase the working balance to £4.0m by the end of this MTFS period in 2018/19. The rationale for this position is that the Council should have working balances that would enable it to cover the loss of any invested cash deposit it holds should this occur. This was one of the criticisms made of some Councils who did not have such sufficient reserves at the time of the banking crisis. Currently the Treasury Strategy places a £3.0m upper limit on investments with banks (other than the part-nationalised RBS Group which is £4.0m), building societies, money market funds, and local authorities.
72. In addition, working balances are there to protect Councils against the 'peaks and troughs' in expenditure and income and they allow fluctuations to be managed by bringing budgets back into balance. The increased reliance on business rates to fund the Council's expenditure creates uncertainty over the MTFS period. Variances against the forecast business rates base can be created by numerous occurrences including appeals, delays in receiving valuations and a slowdown in the local economy. Increasing balances enables the Council to better manage any unforeseen variances.
73. Working balances will also be increased to fund the unavoidable expenditure of any restructure the Council undertakes relating to its fundamental review of costs. The working balances position is made up of estimated balances in hand and forward forecasts as shown below:

Forecasted General Fund Balances	£m
General Fund Balance as at 01/04/15	2.288
Budgeted contribution 2015/16	0.350
Forecast additional contribution 2015/16	0.102
Sub Total – Estimated Balance as at 31/03/16	2.741
Use of New Homes Bonus to Increase Working Balances 2016/17	0.500
Use of New Homes Bonus to Increase Working Balances 2017/18	0.500
Use of New Homes Bonus to Increase Working Balances 2018/19	0.259
Forecast balance 31/03/2018	4.000

Total Budget Resourcing Programme to 2018/19

74. The table below sets out that the Council will seek to identify over £3.0m in resource options that can be considered to bridge the budget gap by 2018/19. To achieve the required reduction in net expenditure the Council's Strategy will:

- Deliver a balanced budget by 2018/19.
- Maintain Council Tax charges in 2016/17 at the current level and consider rises in Council Tax in 2017/18 onwards.
- Prioritise the expansion of business rates income by attracting new businesses to the borough and developing new employment sites.
- Identify future uncommitted New Homes Bonus allocations and commit the balances to fund the transition to the new core funding regime expected by 2020/21.
- Identify budget efficiencies to improve financial resilience and also balance the budget by seeking to bring income into the Council and reduce costs whilst minimising the impact on front line service users.
- Establish working balances no lower than £4.0m over the financial planning period 2016/17 to 2018/19.

75. The MTFs at Appendix F sets out how balancing the budget may be achieved, the table below summarises all the options available for consideration totalling £3.185m to bridge the forecasted budget deficit of £3.080m the next three years.

Total Budget Resourcing Programme to 2018/19

STRATEGY OVER THE MEDIUM TERM	2017/18 £m	2018/19 £m
<i>INCREASING INCOME</i>		
Use of New Homes Bonus	1.567	0.931
Growing the Borough's Business Rates	-	1.250
Growing the Borough's Council Tax Base	0.124	0.254
Sub total - income	1.691	2.435
<i>REDUCING COSTS</i>		
Fundamental Review and Re-engineering of Services to Reduce Total Costs	-	0.750
Sub total - expenditure	0	0.750
Total Resources Available to Balance the Budget	1.691	3.185
Forecast Deficit	1.304	3.080
Headroom After Implementation of Strategy	0.387	0.105

76. Savings of £3.185m achieved by the beginning of 2018/19 would provide headroom of £0.105m against the £3.080m forecast deficit.

CONCLUSION

77. This paper outlines for the Council the Executive's budget proposals for 2016/17 which are:

- **Council Tax for 2016/17 will be frozen for a fourth year and maintained at the same level as in 2013/14, 2014/15 and 2015/16.**
- **Budget efficiency savings of £1.167m have been secured in the budget in advance of 2016/17 to address the budget deficit forecasted in the previous MTFS. The budget efficiency savings include membership of the Lancashire BRR Pooling Agreement.**
- **In light of future years' budget pressures and the exposure to fluctuations in business rate income, the Council will increase its financial resilience by increasing the level of working balances. It is proposed that the General Fund Balance should be uplifted to £4.0m over the 3 year lifespan of the strategy to 2018/19.**
- **The successful implementation of the MTFS has allowed the Council to include in the budget £1.408m of revenue investment packages and £1.759m of capital investment. In 2016/17 the total investment is £3.167m bringing the total investment since 2013/14 to £12.330m.**
- **Investments are consistent with the Budget Consultation result (Appendix I) and will be made in key areas to support the new Corporate Strategy:**
 - 1. INVOLVE RESIDENTS IN IMPROVING THEIR LOCAL AREA AND EQUALITY OF ACCESS FOR ALL.**
 - 2. CLEAN, SAFE AND HEALTHY COMMUNITIES.**
 - 3. AN AMBITIOUS COUNCIL THAT DOES MORE TO MEET THE NEEDS OF RESIDENTS AND THE LOCAL AREA.**
 - 4. A STRONG LOCAL ECONOMY.**
- **Savings have been achieved from areas that have not reduced front line services supporting the Council in maintaining high performance.**
- **The MTFS sets out proposals consistent with the funding implications of the government's Spending Review 2015 and the published Final Local Government Finance Settlement.**
- **Use of more certain NHB future funding to secure additional resources to be converted into recurring income generating invest-to-earn projects.**
- **Use of more certain NHB future funding support the transitional period during which LCC withdraw and/or reduce their service provision within the borough.**
- **The assumptions included in the budget have been assessed in the light of the latest information available at this time. They are also compatible with:**
 - 1. the proposed Pay Policy as set out in Appendix A2.**
 - 2. the proposed Treasury Strategy as set out in Appendix D.**

78. The MTFS contains the updated budget forecasts to 2018/19 which identifies that further budget savings will be required to bridge the funding gap in future years. The forecasted budget deficit in 2018/19 is estimated to be £3.080m and the MTFS sets out options that can be considered totalling £3.185m. Therefore the MTFS provides a plan to deliver a balanced budget over the longer term in Appendix F.
79. The Council will need to continue working extremely hard, be innovative and creative to continue to make efficiencies and at the same time minimise the impact on services. There are still factors that may affect the current forecast financial position namely the scheduled reform in BRR and reductions in New Homes Bonus. The overall approach to be adopted in terms of further efficiencies is set out in the Medium Term Financial Strategy which is appended to this report.
80. The contents of this report are supplemented with additional reports, policies and statements to provide further details as referenced below:

Appendix A1	Formal Council Tax Resolution 2016/17
Appendix A2	Pay Policy 2016/17
Appendix A3	Fees and Charges Income 2016/17
Appendix B1	Capital Programme 2016/17 to 2018/19
Appendix B2	Capital Programme 2016/17 to 2018/19 Financing
Appendix B3	S106 and Similar Developers' Contributions
Appendix C	Budget Investment Package Report
Appendix C1	Budget Investment – Project Mandates
Appendix D	Treasury Management Strategy 2016/17 to 2018/19
Appendix E	Statutory Financial Officer Report
Appendix F	Medium Term Financial Strategy 2016/17 to 2018/19
Appendix G	Significant Budget Movements 2015/16 to 2016/17
Appendix H	Special Expenses /Parish Precepts
Appendix I	Budget Consultation 2016/17
Appendix J	Assessing the Impact of 2016/17 Budget Proposals

IMPLICATIONS OF REPORT

81. This report has implications in the following areas and the relevant Directors' comments are included:

Finance	✓	Customer Services	
Human Resources	✓	Equality and Diversity	
Legal	✓	Integrated Impact Assessment required?	
No significant implications in this area		Policy and Communications	

COMMENTS OF THE STATUTORY FINANCE OFFICER

82. The financial implications of the report are details in the report and specifically in the Medium Term Financial Strategy 2016/17 to 2018/19 and the Statutory Officer's Report attached in Appendix E.

COMMENTS OF THE MONITORING OFFICER

83. The budget proposals are in accordance with the requirements of legislation.

COMMENTS OF THE HEAD OF HR AND OD

84. HR will support the implementation of the budget proposals in relation to any changes to staffing resources in line with corporate policy and legislation.

GARY HALL
STATUTORY FINANCE OFFICER

Background Papers:

Executive Cabinet 21st January 2016 – 2016/17 Draft Budget and Summary Budget
Position Over the Medium Term

Report Author	Ext	Date	Doc ID
Susan Guinness/James Thomson	5101/5025	22/02/16	Rev & Capital Budget Report